



Foreign Agricultural Service

**GAIN Report**

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## **Hungary**

## **Fresh Deciduous Fruit**

## **Annual**

## **2001**

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**Report Highlights:** This year's apple crop will be smaller than normal due to devastating spring frosts. Both export and domestic sales of table apple are stable but lower. Apple juice concentrate production and exports are the main channel for apple processing.

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Includes PSD changes: Yes  
Includes Trade Matrix: Yes  
Annual Report  
Vienna [AU1], HU

## Weather

Early morning frosts during Easter (2001) have hurt this year's and volume is well below last year. Good summer weather has resulted in good fruit quality for those farmers not touched by frost. Because of adequate rainfall, the setting of next year's flower buds was optimum and expectations for the 2002 crop are high.

## PS&D Fresh Apples

|                        |              |         |             |         |                      |         |
|------------------------|--------------|---------|-------------|---------|----------------------|---------|
| PSD Table              |              |         |             |         |                      |         |
| Country                | Hungary      |         |             |         |                      |         |
| Commodity              | Fresh Apples |         |             |         | (HA)(1000 TREES)(MT) |         |
|                        | Revised      | 1999    | Preliminary | 2000    | Forecast             | 2001    |
|                        | Old          | New     | Old         | New     | Old                  | New     |
| Market Year Begin      |              | 07/1999 |             | 07/2000 |                      | 07/2001 |
| Area Planted           | 18500        | 18500   | 18000       | 18000   | 0                    | 175000  |
| Area Harvested         | 18500        | 18500   | 18000       | 18000   | 0                    | 175000  |
| Bearing Trees          | 11000        | 11000   | 10500       | 10500   | 0                    | 10000   |
| Non-Bearing Trees      | 600          | 600     | 1000        | 1500    | 0                    | 2000    |
| Total Trees            | 11600        | 11600   | 11500       | 12000   | 0                    | 12000   |
| Commercial Production  | 250000       | 220000  | 300000      | 450000  | 0                    | 260000  |
| Non-Comm. Production   | 220000       | 200000  | 230000      | 250000  | 0                    | 160000  |
| TOTAL Production       | 470000       | 420000  | 530000      | 700000  | 0                    | 420000  |
| TOTAL Imports          | 8000         | 6000    | 8000        | 6000    | 0                    | 7000    |
| TOTAL SUPPLY           | 478000       | 426000  | 538000      | 706000  | 0                    | 427000  |
| Domestic Fresh Consump | 181000       | 160000  | 194000      | 140000  | 0                    | 120000  |
| Exports, Fresh Only    | 7000         | 6000    | 6000        | 7000    | 0                    | 6000    |
| For Processing         | 290000       | 260000  | 338000      | 559000  | 0                    | 301000  |
| Withdrawal From Market | 0            | 0       | 0           | 0       | 0                    | 0       |
| TOTAL UTILIZATION      | 478000       | 426000  | 538000      | 706000  | 0                    | 427000  |

**PS&D Apple Concentrate**

|                      |                          |         |             |         |          |         |
|----------------------|--------------------------|---------|-------------|---------|----------|---------|
| PSD Table            |                          |         |             |         |          |         |
| Country              | Hungary                  |         |             |         |          |         |
| Commodity            | Concentrated Apple Juice |         |             |         | (MT)     |         |
|                      | Revised                  | 1999    | Preliminary | 2000    | Forecast | 2001    |
|                      | Old                      | New     | Old         | New     | Old      | New     |
| Market Year Begin    |                          | 07/1999 |             | 07/2000 |          | 07/2001 |
| Deliv. To Processors | 290000                   | 260000  | 338000      | 559000  | 0        | 301000  |
| Beginning Stocks     | 0                        | 0       | 0           | 0       | 0        | 0       |
| Production           | 47000                    | 44000   | 55000       | 82000   | 0        | 47500   |
| Imports              | 6000                     | 3000    | 2000        | 15000   | 0        | 11500   |
| TOTAL SUPPLY         | 53000                    | 47000   | 57000       | 97000   | 0        | 59000   |
| Exports              | 33000                    | 33000   | 32000       | 72000   | 0        | 39000   |
| Domestic Consumption | 20000                    | 14000   | 25000       | 25000   | 0        | 20000   |
| Ending Stocks        | 0                        | 0       | 0           | 0       | 0        | 0       |
| TOTAL DISTRIBUTION   | 53000                    | 47000   | 57000       | 97000   | 0        | 59000   |

**Inputs**

The Government of Hungary pays a HUF 12,000/hectare (about \$44) in support for fruit producers. Farms may also receive investment support for planting orchards and the basic subsidy is 50 percent of the investment costs plus a medium-term loan with an interest rate that is 40 percent lower than the prime rate. New plantings grew slowly, at an annual rate of 1,500 ha/year. A fire blight bacteria outbreak (which was first detected in Hungary in 1997) destroyed hundreds of hectares of apple orchards in 1999 and 2000. The Government pays many of the costs associated with combating fire blight, such as chemical treatment and measures that help to prevent the spread of the disease.

Fertilizer use (in active ingredient kilograms) increased in 2000 to 87 kg/ha but it is still under the 127 kg/ha level that was reported in 1990.

**Crop Quality**

The quality of the 2001 crop thus far is good. Modern commercial orchards produce popular new table varieties, but the overall crop is still dominated by the Jonathan variety. As Hungary has lost its table apple market in the Former Soviet Union, and not yet a significant supplier to west European markets, there is no real pressure to change varieties and technology. Successful lobbying for higher minimum prices for the major industrial (juice) apples has been a primary

industry goal.

Domestic consumption of fresh apples decreased from 25-30 kg/year per capita in the early 1990s to about 12 kg. The decrease is the result of increased competition from tropical and out season fruit and the weaknesses of the domestic fresh apple supply. Average per capita fruit juice consumption (all kinds) in Hungary is 31.1 liter per year. This is a rather high figure in relation to other countries.

Overall storage (cold and controlled atmosphere) capacity is in theory sufficient to store more than ten percent of the total commercial crop. However, the poor financial condition of some orchards and poor management of marketing channels for fresh fruit have driven warehouse owners to focus on servicing other, more profitable sectors.

## **Prices**

Farms, processors and the GOH negotiated a HUF 11/kg minimum price (\$0.04) plus HUF 9/kg subsidy (\$0.03) as the producer price for the crushing apples. Table apples do not enjoy price support. Producer prices for the best quality apple for storage or fresh sale is about HUF 90-110/kilogram (\$0.32 - \$0.40). Actual retail market prices are about HUF 145-220/kg (\$0.52 - \$0.80).

## **Trade**

### **General**

Hungary's table apple exports has been stagnate since 1998 at the 6,000-7,000 MT level. Expectations for 2001 are also modest.

Imports of off-season table apples exceeds exports. Sources are usually Southern Hemisphere countries, but increasingly EU countries (Italy, France, Austria) are supplying Hungary due to their better storage practices and high export subsidies (although EU subsidies for exports to Hungary have ended). Hungary imports apples from Ukraine and Romania for processing under contract and much of the concentrate is re-exported.

Hungary has started to increase apple juice concentrate imports from low cost suppliers such as China to meet increased domestic demand and maintain consistent exports. Other sources are Romania and Slovakia, supported by low import tariffs for CEFTA countries (See at Tariff Changes). Main markets for Hungarian apple juice concentrate are Germany, Austria and the USA.

**Trade Matrix for Fresh Apples**

|                     |              |        |             |
|---------------------|--------------|--------|-------------|
| Import Trade Matrix |              |        |             |
| Country             | Hungary      |        |             |
| Commodity           | Fresh Apples |        |             |
| Time period         | CY           | Units: | Metric Tons |
| Imports for:        | 2000         |        | 2001        |
| U.S.                | 0            | U.S.   |             |
| Others              |              | Others |             |
| Italy               | 4329         |        |             |
| Austria             | 1026         |        |             |
| France              | 406          |        |             |
| South Africa        | 48           |        |             |
| Germany             | 38           |        |             |
| Total for Others    | 5847         |        | 0           |
| Others not Listed   | 81           |        |             |
| Grand Total         | 5928         |        | 0           |

|                     |              |        |             |
|---------------------|--------------|--------|-------------|
| Export Trade Matrix |              |        |             |
| Country             | Hungary      |        |             |
| Commodity           | Fresh Apples |        |             |
| Time period         | CY           | Units: | Metric Tons |
| Exports for:        | 2000         |        | 2001        |
| U.S.                | 0            | U.S.   |             |
| Others              |              | Others |             |
| Romania             | 2432         |        |             |
| Austria             | 1684         |        |             |
| Bosnia              | 1315         |        |             |
| Lithuania           | 381          |        |             |
| Germany             | 309          |        |             |
| Total for Others    | 6121         |        | 0           |
| Others not Listed   | 1318         |        |             |
| Grand Total         | 7439         |        | 0           |

**Trade Matrix for Apple Juice Concentrate**

|                     |                          |        |             |
|---------------------|--------------------------|--------|-------------|
| Import Trade Matrix |                          |        |             |
| Country             | Hungary                  |        |             |
| Commodity           | Concentrated Apple Juice |        |             |
| Time period         | CY                       | Units: | Metric Tons |
| Imports for:        | 2000                     |        | 2001        |
| U.S.                | 0                        | U.S.   |             |
| Others              |                          | Others |             |
| Germany             | 13,966                   |        |             |
| Switzerland         | 699                      |        |             |
| Ukraine             | 353                      |        |             |
| PR China            | 337                      |        |             |
| Lithuania           | 200                      |        |             |
| Romania             | 89                       |        |             |
| Austria             | 78                       |        |             |
| Total for Others    | 15722                    |        | 0           |
| Others not Listed   | 16                       |        |             |
| Grand Total         | 15738                    |        | 0           |

|                     |                          |        |      |
|---------------------|--------------------------|--------|------|
| Export Trade Matrix |                          |        |      |
| Country             | Hungary                  |        |      |
| Commodity           | Concentrated Apple Juice |        |      |
| Time period         | CY                       | Units: |      |
| Exports for:        | 2000                     |        | 2001 |
| U.S.                | 3419                     | U.S.   |      |
| Others              |                          | Others |      |
| Germany             | 35027                    |        |      |
| Austria             | 22132                    |        |      |
| Netherlands         | 3935                     |        |      |
| Canada              | 1787                     |        |      |
| Total for Others    | 62881                    |        | 0    |
| Others not Listed   | 6015                     |        |      |
| Grand Total         | 72315                    |        | 0    |

## Export Subsidies

Fresh apples and apple products do not have export subsidies.

## Tariff Changes

As of January 1, 2001, the government introduced the new Hungarian Tariff Schedule. The new schedule follows the previous structure: the first (I.) is the GSP column for tariffs on imports from developing countries, the second (II.) column contains the MFN tariffs, and the third column (III.) contains the preferential tariffs based on free trade agreements with the EU, EFTA, Turkey, Israel, Bulgaria, Czech Republic, Estonia, Latvia, Poland, Romania, Slovakia, and Slovenia (the latter eight countries will be referred to later as "CEFTA"). If no tariff is set for the 3rd sub-columns, the MFN tariff must be imposed.

Under a separate decree, the Government of Hungary announced further preferential tariffs under quota (TRQ) for imports from the EU and CEFTA and any WTO country (GATT TRQ).

Neither the general nor the in quota tariffs have changed from 2000 to 2001.

### Tariff levels of fresh apples and fruit juice and concentrate:

| Fresh Apples |           | Fruit Juice and Concentrate |           |                  |
|--------------|-----------|-----------------------------|-----------|------------------|
| Tariff %     | Quota MT. | Tariff %                    | Quota MT. | I.               |
|              |           |                             |           | GSP Tariffs      |
|              |           | 37.2                        |           | II.              |
|              |           |                             |           | MFN Tariffs      |
| 49.3         |           | 39.2                        |           | III.             |
|              |           |                             |           | GATT TRQ Tariffs |
| 25           | 10212     | 20                          | 8505      |                  |
|              |           |                             |           | CEFTA Tariffs    |
|              |           | 12                          |           |                  |
|              |           |                             |           | EU TRQ Tariffs   |
| 25           | 7000*     | 19                          | 350       |                  |
|              |           |                             |           |                  |

Note: GATT and EU import quotas are set for apples, pears and quince

\* excluding apples for processing between September 16 - December 15.

(USD 1 = HUF 275)